

HOUSE BILL NO. 592

INTRODUCED BY M. MCCANN

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING GAS PRODUCERS TO ITEMIZE CHARGES ASSESSED TO THE OWNER OF A NATURAL GAS ROYALTY; AMENDING SECTION 82-10-104, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 82-10-104, MCA, is amended to read:

"82-10-104. Payment of royalties -- form of record required. (1) An oil and gas producer paying royalties by check, draft, or order shall include with every ~~such~~ payment a form showing the following matters relating to that payment:

- (a) the name of the royalty owner to whom the payment is made;
- (b) the date of the check, draft, or order;
- (c) any royalty owner identification number used by the producer for ~~such~~ the royalty owner;
- (d) the month and year during which production occurred for which payment is being made;
- (e) any number used to identify the lease under which production occurred;
- (f) the type of product produced;
- (g) barrels of oil ~~and/or~~ and cubic feet of gas for which payment is made;
- (h) the amount and type of all taxes withheld;
- (i) the net value of production; and
- (j) the royalty owner's net value.

(2) In addition to the information required in subsection (1), a gas producer paying royalties to a royalty owner shall, at the time of payment, specify by line item every charge assessed against the royalty owner, describe how the assessment is calculated, and list the name of the beneficiary of the assessment. Line items may include but are not limited to charges and assessments for:

- (a) production and pumping;
- (b) gathering;
- (c) transporting;

1 (d) treatment;
2 (e) specific itemized service charges; and
3 (f) any other assessments unique to the circumstance.
4 ~~(2)~~(3) Any person purposely and knowingly violating the provisions of subsection (1) is guilty of
5 a misdemeanor and upon conviction shall be punished by a fine of not more than \$1,000."

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7 NEW SECTION. **Section 2. Effective date.** [This act] is effective July 1, 2001.

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